

# **ASSOCIATED TAX APPRAISERS**

## **AD VALOREM TAX CONSULTANTS**

December 17, 2009

*Via FEDERAL EXPRESS*

LaDonna Castañuela, Chief Clerk  
Texas Commission on Environmental Quality  
12100 Park 35 Circle, MC105  
Austin, Texas 78753

**Re: TCEQ Docket No: 2009-1682-MIS-U**  
**Application No: 13814**  
**Company Name: Sartomer Inc. Goodyear Plant**  
**Street Address: 11455 IH 10, Baeumont, Texas 77705**  
**Appraisal District: Jefferson County**

Dear Ms. Castañuela:

Enclosed please find an original and eight (8) copies of Sartomer Company, Inc.'s Reply to the TCEQ's Office of Public Interest Counsel's, the Executive Director's and the Jefferson County Appraisal District's Response Briefs regarding the above-reference matter.

Please file it in your same and usual manner, denoting the date and time of filing, and returning the extra copy provided using the self, addressed, and stamped envelope.

If you have any questions, please do not hesitate to contact us.

Sincerely yours,

Associated Tax Appraisers

cc: Attached Mailing List

TEXAS  
COMMISSION  
ON ENVIRONMENTAL  
QUALITY  
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Mailing List

Sartomer Inc.

Use Determination No. 13814, TCEQ Docket No. 2009-1672-MIS-U

Associated Tax Appraisers  
Attn: Ronald P. Little  
4543 Post Oak Place, #232  
Houston, Texas 77027  
281-497-2200 FAX 713-627-8485

Sartomer Inc.  
P.O. Box 56561  
Houston, Texas 77256-6561

Chief Appraiser  
Jefferson County Chief Appraiser  
P.O. Box 21337  
Beaumont, Texas 77720

Susana M. Hildebrand, P.E.  
Chief Engineer's Office MC 168  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-4900 FAX 512/239-6188

Chance Goodin  
TCEQ Chief Engineer's Office MC 168  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-6335 FAX 512/239-6188

Minor Hibbs  
TCEQ Chief Engineer's Office MC 168  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-1795 FAX 512/239-1794

Robert Martinez  
TCEQ Environmental Law Division MC 173  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-0600 FAX 512/239-0606

Blas Coy  
TCEQ Office of Public Interest Counsel MC 103  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-6363 FAX 512/239-6377

Docket Clerk  
TCEQ Office of Chief Clerk MC 105  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-3300 FAX 512/239-3311

Bridget Bohac  
TCEQ Office of Public Assistance MC 108  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-4000 FAX 512/239-4007

Kyle Lucas  
TCEQ Alternative Dispute  
Resolution Program MC 222  
P.O. Box 13087  
Austin, Texas 78711-3087  
512/239-0687 FAX 512/239-4015

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**SARTOMER INC. GOODYEAR PLANT'S REPLY TO THE  
TCEQ OFFICE OF PUBLIC INTEREST COUNSEL'S  
AND THE EXECUTIVE DIRECTOR'S AND  
JEEFERSON COUNTY APPRAISAL DISTRICT'S RESPONSE BRIEFS**

TO: LaDonna Castañuela, Chief Clerk  
Texas Commission on Environmental Quality  
12100 Park 35 Circle, MC105  
Austin, Texas 78753

FROM: Ronald P. Little  
Associated Tax Appraisers  
4543 Post Oak Place, #232 Houston, Texas 77027

RE: TCEQ Docket No: 2009-1682-MIS-U  
Application No: 13814  
Company Name: Sartomer Inc. Goodyear Plant  
Street Address: 11455 IH 10, Beaumont, TX 77705  
Appraisal District: Jefferson County

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This document is Sartomer Inc. Goodyear Pant's (hereinafter referred to as "Sartomer") reply to the Texas Commission on Environmental Quality (hereinafter referred to as "TCEQ") Office of Public Interest Counsel's (hereinafter referred to as "OPIC"), the TCEQ Executive Director's and Jefferson County Appraisal District's (hereinafter referred to as "JCAD") responses to Sartomer's appeal of Use Determination Application No. 13814.

For reasons described below, Sartomer respectfully requests that the TCEQ affirm its appeal and set aside the Executive Director's Negative Use Determination regarding Use Determination Application No. 13814.

**FACTUAL BACKGROUND**

On or about May 18, 2009, Sartomer, by and through its agent of record, Associated Tax Appraisers (hereinafter referred to as "ATA"), filed a Tier 1 Application for Tax

Relief for Pollution Control Property with the TCEQ, which sought a positive use determination for propane line replacement at its Sartomer Inc. Goodyear Plant at 11455 IH 10, Beaumont, Texas 77705.

On or about Jun 15, 2009, ATA was in receipt of an administrative notice of deficiency from the TCEQ's Tax Relief for Pollution Control Property, to which it replied on July 14, 2009.

On or about July 21, 2009, ATA was in receipt of a notice from the TCEQ's Tax Relief for Pollution Control Property that Sartomer's application was administratively complete.

On or about July 24, 2009, ATA was in receipt of a technical notice of deficiency from the TCEQ's Tax Relief for Pollution Control Property, to which it replied on August 7, 2009.

On or about September 22, 2009, ATA was in receipt of the Executive Director's Negative Use Determination for Use Determination Application No. 13814, to which it replied by timely filing an appeal on or about October 8, 2009, with the TCEQ's Chief Clerk.

**REPLY TO THE TCEQ OFFICE OF PUBLIC  
INTEREST COUNSEL'S RESPONSE BRIEF**

The TCEQ Office of Public Counsel's response brief to Sartomer's appeal provides:

"... Sartomer submitted a Tier I application concerning its propane line replacement project. Sartomer contends that the replacement lines will enable compliance with 30 TAC §17.25(a)(1), which states "No person may allow a vent gas stream containing volatile organic compounds (VOC) to be emitted from any process vent, unless the vent gas stream is controlled properly in accordance with §115.122(a)(1) of this title (relating to Control Requirements)."

Sartomer identifies item number A-112 in Part A of the ECL as the qualifying basis for the replaced equipment. The pollution control properties in item A-112 in Part A of the ECL are "Replacement of existing pumps, valves, or

seals in piping service." The description of the A-112 pollution control properties is:

The incremental cost difference between the cost of the original equipment and the replacement equipment is eligible only when the replacement of these parts is done for the sole purpose of eliminating fugitive emissions of volatile organic compounds.

Sartomer makes no specific representation that the project it has undertaken consists solely of replacing seals in its piping service. To the contrary, Sartomer's application and appeal materials only generally identify a \$1,000,000 "propane line." Furthermore, Sartomer makes no specific representation that its project was undertaken for the "sole purpose" of eliminating fugitive emissions. The broad task of "propane line replacement" simply does not fall under the narrow purview of qualified property under item number A-112, which was intended to incentivize reduction of fugitive emissions. Sartomer has not provided any technical basis to conclude that fugitive emissions, as opposed to emissions that would result from standard operations or faulty equipment, will be reduced by its project. Furthermore, no legal basis is presented to conclude that the propane line is the type of pollution control equipment contemplated under item number A-112."

REPLY: Under 30 Texas Administrative Code § 115.121, no person may allow a vent gas stream to be emitted from any synthetic organic chemical manufacturing industry reactor process unless the gas stream is controlled properly in accordance with § 115.122(a)(2) of this title. The propane line

that was replaced by Sartomer is part of a cooling system that cools the reaction process and serves as a vent condenser, which reduces emissions to the flare. This is a clear environmental benefit and meets or exceeds an environmental regulation.

Further, Sartomer amended its Use Determination Application by changing the ECL to A-180, not A-112 (see email and attachment at Exhibit “A”). ECL A-180 is described as piping, headers, hoods, ducts, etc.—used to collect air contaminants and route them to a control device. Since emission of propane from the piping system would constitute a release of air contaminants the pipes themselves are used to contain said contaminants. Regardless of whether A-180 is the appropriate ECL, the issue is mute since Sartomer’s change of the ECL from A-112 to A-180 was never challenged during the technical review.

**REPLY TO THE TCEQ EXECUTIVE DIRECTOR’S RESPONSE BRIEF**

The TCEQ Executive Director’s response brief to Sartomer’s appeal provides:

- 1. The Executive Director's negative use determination should be affirmed because the propane line replacement is not listed in Part A of the Equipment and Categories List (ECL).**

**REPLY:** Sartomer amended its Use Determination Application by changing the ECL to A-180, not A-112 (see email and attachment at Exhibit “A”). ECL A-180 is described as piping, headers, hoods, ducts, etc.—used to collect air contaminants and route them to a control device. Since emission of propane from the piping system would constitute a release of air contaminants the pipes themselves are

used to contain said contaminants. Regardless of whether A-180 is the appropriate ECL, the issue is mute since Sartomer's change of the ECL from A-112 to A-180 was never challenged during the technical review.

- 2. The Executive Director's negative use determination should be affirmed because the propane line was not replaced to "meet or exceed rules and regulations adopted by any environmental protection agency of the United States, Texas, or a political subdivision of Texas, for the prevention, monitoring, control or reduction of air, water, or land pollution."**

**REPLY:** Under 30 Texas Administrative Code § 115.121, no person may allow a vent gas stream to be emitted from any synthetic organic chemical manufacturing industry reactor process unless the gas stream is controlled properly in accordance with § 115.122(a)(2) of this title. The propane line that was replaced by Sartomer is part of a cooling system that cools the reaction process and serves as a vent condenser, which reduces emissions to the flare. This is a clear environmental benefit and meets or exceeds an environmental regulation.

#### **REPLY TO JEFFERSON COUNTY APPRAISAL DISTRICT'S RESPONSE BRIEF**

Jefferson County Appraisal District's response brief to Sartomer's appeal provides:

The Commission denied this application on September 22, 2009, noting in its ruling that the "replacement of deteriorating production piping is considered to be plant maintenance and not pollution control."

It is the position of the Jefferson County Appraisal District, through its Chief Appraiser, that Negative Use Determination is proper under Section 11.31 of the Property Tax Code and the

rules promulgated by the TCEQ to implement that section.

The Jefferson County Appraisal District urges that the appeal be denied.

REPLY: Under 30 Texas Administrative Code § 115.121, no person may allow a vent gas stream to be emitted from any synthetic organic chemical manufacturing industry reactor process unless the gas stream is controlled properly in accordance with § 115.122(a)(2) of this title. The propane line that was replaced by Sartomer is part of a cooling system that cools the reaction process and serves as a vent condenser, which reduces emissions to the flare. This is a clear environmental benefit and meets or exceeds an environmental regulation.

Further, Sartomer amended its Use Determination Application by changing the ECL to A-180, not A-112 (see email and attachment at Exhibit “A”). ECL A-180 is described as piping, headers, hoods, ducts, etc.—used to collect air contaminants and route them to a control device. Since emission of propane from the piping system would constitute a release of air contaminants the pipes themselves are used to contain said contaminants. Regardless of whether A-180 is the appropriate ECL, the issue is mute since Sartomer’s change of the ECL from A-112 to A-180 was never challenged during the technical review.

### **CONCLUSION**

Sartomer made all good faith efforts to provide the information requested by the TCEQ’s Tax Relief for Pollution Control Program. Further, Sartomer’s propane line replacement does meet or exceed rules and regulations adopted by the environmental protection agency of the



United States, Texas, and/or a political subdivision of Texas, for the prevention, monitoring, control or reduction of air, water, or land pollution pursuant to §11.31 of Texas Tax Code. Therefore, Sartomer requests that no issue be heard at this time regarding incomplete or inaccurate information on its Use Determination Application No. 13814 and that the Executive Director's Negative Use Determination of said application be set aside and that a Positive Use Determination be issued in its place.

Respectfully Submitted,

Ronald P. Little  
Associated Tax Appraisers  
Property Tax Agents for  
Sartomer Inc. Goodyear Plant

**Andrej Fedor**

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**From:** Andrej Fedor  
**Sent:** Friday, August 07, 2009 10:56 AM  
**To:** 'txrelief@tceq.state.tx.us'  
**Subject:** Sartomer - Pollution Control  
**Attachments:** Sartomer (Pollution Control Equipment) NoD Responses.xls

Attached is an Excel spreadsheet containing our responses to your request for information regarding Sartomer Inc. For your convenience, I have highlighted any new information.

I look forward to hearing from you regarding the resolution of this matter,

Andrej Fedor  
National Realty Consultants  
4543 Post Oak Place, Suite 232  
Houston, Texas 77027  
Telephone: (281) 497-2200  
Facsimile: (713) 627-8454  
Email: [afedor@nationalrealty.com](mailto:afedor@nationalrealty.com)

8/7/2009

- Exhibit "A" -

**SARTOMER**  
**Pollution Control Property**

Location	Date	Type	Description	Total	Description	Approx. Square Footage	Applicable Regulation	Equipment Category List	App No.	NoD Request	NoD Response
BM TX	06/01/08	M	7F3230 (flare KO drum)	\$59,665	7F3230 was replaced due to corrosion and leaks. Upgraded metalurgy for improved resistance to corrosion. Controlling the leaks will reduce VOC emissions from this process tank.		Replacement in Kind (30 TAC Chapter 115 Subchapter B Division 2 )	A-180	13810		
BM TX	04/01/08	M	Sulfur Removal Stream - 15	\$1,345,362	Removed the sulfur from the product. Improved product stewardship. This co-product is used to produce fuels, by removing sulfur thus less SOx is produced from combustion during use.		30 TAC Part I Chapter 112 Subchapter A	A-94	13811	What equipment is used to remove the sulfur? What happens to the sulfur? Sulfur recovery units are customarily filed as Tier III applications.	The sulfur is removed by use of liquid/liquid extraction in a vessel. The removed sulfur is contained in the waste water that is sent to waste water treatment.
BM TX	06/04/08	M	WT Spare Relief Valves	\$46,717	PM program put in place to insure equipment integrity and reduce potential releases from leaks and equipment failures.		30 TAC Chapter 115 Subchapter B Division 2	A-112	13812		
BM TX	06/01/08	M	Propane Line Replacement	\$1,000,000	Upgrade piping to reduce emissions and leaks.		30 TAC Chapter 115 Subchapter B Division 2	A-180	13814	Based on the description provided this piping is part of the facility production equipment, an ECL item A-112 does not cover piping. It applies only to the replacement of pumps, valves or seals. If the pipe joints were welded then A-114 might apply.	Propane is used as a refrigerant which is used to cool production and control equipment. Leaking of propane would violate fugitive VOC requirements for the facility.
BM TX	07/01/08	M	Horseshoe Pond Drain Line	\$29,000	Upgrade piping to improve flow from the ponds. Will help prevent potential env. issues caused by overflowing of wastewaters from containment.		30 TAC Chapter 308	W-57	13813	What subsection of 30 TAC 308 is being met by the upgrade to this drain piping?	The improved flows that would prevent spills are associated with 30 TAC Chapter 327 which would be more appropriate.
			11455 IH 10 - Beaumont Plant WBM1	\$2,480,744							

Location	Date	Type	Description	Total	Description	Approx. Square Footage	Applicable Regulation	Equipment Category List	App No.	NoD Request	NoD Response
CV2		M	Stormwater Containment (pbd)	\$560,738	Dike and pump system installed to contain ALL stormwater that comes into contact with the Polybd process unit. 100% of this stormwater is treated to remove hydrocarbons.	10000	40 CFE 122.26	W-57	13802		
CV2		M	Stormwater Containment (sma)	\$560,738	Dike and pump system installed to contain ALL stormwater that comes into contact with the SMA process unit. 100% of this stormwater is treated to remove hydrocarbons.	8000	40 CFE 122.26	W-57	13803		